



REPORT REVIEW

Samhällsbyggnadsbolaget I Norden AB Sustainable Bond Report

Sustainable Bond Impact Report SBB Norden

19 April 2024

VERIFICATION PARAMETERS

Type(s) of reporting

- Sustainable Bond Impact Report

Relevant standard(s)

- Harmonized Framework for Impact Reporting (HFIR), updated June 2023, as administered by International Capital Market Association (ICMA)
- Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, administered by the International Capital Market Association (ICMA)
- SBB Norden's Sustainable Bond Impact Report (as of April 4, 2024)
- SBB Norden's Sustainable Financing Framework (as of October 28, 2020)
- Bond(s) identification:

Green Bonds

Scope of verification

ISIN	Bond Maturity	Issuance Amount
SE0012256741	14.02.2024	SEK 187.5m
SE0014965919	12.04.2024	SEK 321.25m
XS2111589219	30.01.2027	SEK 600m

Social Bonds

ISIN	Bond Maturity	Issuance Amount
XS2271332285	14.12.2028	EUR 700m
XS2275409824	18.12.2025	SEK 145m

XS2346224806	26.11.2029	EUR 950m
XS2438632874	08.02.2024	EUR 558.83m
XS2461738770	11.04.2025	EUR 260m

Social Hybrid

ISIN	Bond Maturity	Issuance Amount
XS2010028186	30.01.2027	EUR 439.3m

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Sustainable Bond Impact Report as of April 4, 2024

CONTENTS

SCOPE OF WORK.....	4
ASSESSMENT SUMMARY.....	5
REPORT REVIEW ASSESSMENT.....	6
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCING FRAMEWORK	6
PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING FOR GREEN AND SOCIAL BONDS	9
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS.....	18
ANNEX 1: Methodology	25
ANNEX 2: Quality management processes	26
About this Report Review	27

SCOPE OF WORK

Samhällsbyggnadsbolaget I Norden AB (“the Issuer” or “SBB Norden”) commissioned ISS-Corporate to provide a Report Review¹ on its Sustainable Bond Impact Report by assessing:

1. The alignment of SBB Norden’s Sustainable Bond Impact Report with the commitments set forth in SBB Norden Sustainable Financing Framework (as of October 28, 2020).²
2. SBB Norden’s Sustainable Bond Impact Report - benchmarked against ICMA Harmonized Framework for Impact Reporting (HFIR), updated June 2023, and ICMA Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023.
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Sustainable Bond issued.

¹ A limited or reasonable assurance is not provided on the information presented in SBB Norden Sustainable Bond Impact Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green Bond/Social Bond Principles) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Green Bond Principles/Social Bond Principles as of November 24, 2020.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>SBB Norden's Sustainable Bond Impact Report meets the Issuer's commitments set forth in the Sustainable Financing Framework. The proceeds have been used to (re)finance Green Buildings, Energy Efficiency, Access to Essential Services and Affordable Housing in accordance with the eligibility criteria defined in the Framework.</p>	Aligned
<p>Part 2.</p> <p>Alignment with the HFIR and HFIRSB</p>	<p>The Sustainable Bond Impact Report is in line with ICMA's HFIR. The Issuer follows core principles and where applicable key recommendations.</p> <p>The Sustainable Bond Impact Report is in line with ICMA's HFIRSB. The Issuer follows core principles and where applicable key recommendations.</p>	Aligned
<p>Part 3.</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible asset as proposed in the Framework.³</p> <p>SBB Norden's Sustainable Bond Impact Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	Positive

³ The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCING FRAMEWORK⁴

The following table evaluates the Sustainable Bond Impact Report against the commitments set forth in SBB Norden's Sustainable Financing Framework, which are based on the core requirements of the Green Bond Principles/Social Bond Principles as well as best market practices.

GBP/SBP	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>SBB Norden confirms to follow the Use of Proceeds' description provided by SBB's Sustainable Financing Framework. The report is in line with the initial commitments set in SBB's Sustainable Financing Framework. The proceeds have been used to (re)finance Green Buildings, Energy Efficiency, Access to Essential Services and Affordable Housing.</p> <p>The Issuer's green and social categories align with the project categories and are in accordance with the eligibility criteria set in the SBB's Sustainable Financing Framework. Environmental and social benefits at the asset level are described.</p> <p>The Issuer discloses the amount of proceeds allocated at portfolio level in the impact report and confirms that 100% of the proceeds (SEK 1,108.75 m for Green Bonds, EUR 2,463m and SEK 145m for Social Bonds, and EUR 439 for Hybrid Bond) are allocated to refinancing, in line with the best market practices. Moreover, the Issuer did not finance any project from the exclusion list defined in the Framework.</p>	<p>✓</p>
<p>2. Process for Project Evaluation</p>	<p>SBB Norden confirms to follow the Process for Project Evaluation and Selection description provided by SBB Norden's Sustainable Financing Framework. The report is in line with the initial commitments set in SBB's</p>	<p>✓</p>

⁴ SBB Sustainable Financing Framework was assessed as aligned with the GBP/SBP (as of October 28, 2020) as of November 24, 2020.

<p>and Selection</p>	<p>Sustainable Financing Framework. The selection of Eligible Green and Social Assets is managed by a dedicated Sustainable Financing Committee consisting of SBB Chief Executive Officer, SBB Chief Financial Officer, SBB Technical Manager, SBB Head of Sustainability, and SBB Head of Finance. A list of Eligible Assets is kept by the Sustainable Financing Committee and the Head of Finance is responsible for keeping this list up to date. The list of Eligible Assets is monitored on a regular basis as long as there are Sustainable Financing Instruments outstanding to ensure that the proceeds are sufficiently allocated to Eligible Assets and that these assets continue to meet the Eligibility Criteria described in the Use of Proceeds section.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.</p>	
<p>3. Management of Proceeds</p>	<p>SBB Norden confirms to follow the Process for Management of Proceeds description provided by SBB Norden’s Sustainable Financing Framework. The report is in line with the initial commitments set in SBB’s Sustainable Financing Framework.</p> <p>The proceeds collected represent 100% of the amount allocated to eligible projects, with no exceptions. Unallocated proceeds are equal to 0%. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>Moreover, the Issuer disclosed the balance of unallocated proceeds within the frequency defined in the Framework, in line with best market practice.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>SBB Norden’s Sustainable Bond Impact Report is coherent with the Reporting description provided by SBB Norden’s Sustainable Financing Framework. The report is in line with the initial commitments set in SBB’s Sustainable Financing Framework. The Issuer annually published an Allocation and Impact Report on its Green and Social Bonds.</p>	<p>✓</p>

	<p>The sections “Allocation Reporting” and “Impact Reporting” of the Sustainable Bond Impact Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available.⁵</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
<p>5. Verification</p>	<p>SPO-ISS Corporate has provided a Second Party Opinion (SPO) on SBB Norden’s Sustainable Financing Framework on November 24, 2020.</p>	

⁵ SBB Norden Sustainable Bond Impact Report: <https://corporate.sbbnorden.se/en/sustainable-bonds/>

PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING FOR GREEN AND SOCIAL BONDS

FOR GREEN BONDS

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Green bond Issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. ICMA’s Harmonized Framework for Impact Reporting (HFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates SBB Norden Sustainable Bond Impact Report against ICMA HFIR.

CORE PRINCIPLES		
ICMA HFIR	SUSTAINABLE BOND DEVELOPMENTS	ASSESSMENT
Reporting on an annual basis	SBB has reported within one year from issuance since 2021. SBB Norden has not issued any Green Bonds in 2023 but has reported the total amount of outstanding Green Bonds which amount to SEK 1,011,250,000 as of December 31, 2023, originating from bonds issued in 2019 and 2020. All the proceeds have been fully allocated. The report will be available on SBB Norden’s website. ⁶	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by SBB Norden Green Bonds covered the following areas:</p> <ul style="list-style-type: none"> ▪ Energy Use (kWh/m²); ▪ Estimated annual GHG emissions reduced or avoided for buildings (tCO₂e); ▪ Green buildings certification and degree of certification (Miljöbyggnad, Miljöbyggnad iDrift, Breeam In-Use and Energy Class A). 	✓

⁶ SBB Norden Sustainable Bond Impact Report: <https://corporate.sbbnorden.se/en/sustainable-bonds/>

<p>ESG Risk Management</p>	<p>SBB Norden has respected its ESG risk management process in line with its framework. Sustainability-related risks are integrated into ordinary risk management, which is handled by the management team, with the CEO being ultimately responsible. A thorough risk analysis regarding climate-related issues at the property level was completed in 2021 and the risk analysis was updated in 2022 to include properties recently taken possession of and new knowledge regarding the risks. Both physical and regulatory risks were assessed. SBB has also produced an independent report accounting for climate-related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD)'s recommendations. The report is revised annually, and the most current version is available on SBB's website.⁷ The assets assessed as high or very high risk are considered for divestment.</p>	<p>✓</p>
<p>Allocation of proceeds - Transparency on the currency</p>	<p>SBB Norden has reported all its Green Bonds - related cash-flows in one currency (Swedish Krona (SEK)).</p>	<p>✓</p>

RECOMMENDATIONS

ICMA HFIR	SUSTAINABLE BOND DEVELOPMENTS	ASSESSMENT
<p>Define and disclose period and process for Project Evaluation and Selection</p>	<p>The entirety of proceeds has been allocated to Green Assets. The Issuer has not added nor removed any assets. In the future, assets can be removed from, or added to, the eligible asset portfolio when needed (i.e., sale of an asset allocated to Sustainable Bonds). However, these would be replaced by a new asset that comply with the eligibility criteria set forth in the Framework.</p> <p>The Issuer followed a transparent process for selection and evaluation of Eligible Green</p>	<p>✓</p>

⁷ SBB Norden Climate-related Risks and Opportunities TCFD Report 2023: <https://corporate.sbbnorden.se/en/wp-content/uploads/sites/2/2021/09/tcf-d-riskinventering-rapport-2023-eng.pdf>

	<p>Assets. Assets refinanced through the Sustainable Bonds issued under the Sustainable Financing Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	
<p>Disclose total amount of proceeds allocated to eligible disbursements</p>	<p>A total of SEK 1,108.75 m has been raised through the Issuer's Green Bonds. The total amount of outstanding Green Bonds is SEK 1,011,250,000 as of December 31, 2023. SBB Norden did not issue any Green Bonds in 2023. 100% of the proceeds have been allocated to Green Assets.</p>	<p>✓</p>
<p>Formal internal process for the allocation of proceeds and to report on the allocation of proceeds</p>	<p>The Issuer followed a transparent process for the allocation of proceeds. No new green assets were evaluated or selected in the last year as SBB Norden did not issue any Green Bonds in 2023, but it reported on the impact originating from Bonds issued in 2019 and 2020.</p>	<p>✓</p>
<p>Report at project or portfolio level</p>	<p>The Issuer provides allocated proceeds at a portfolio level and provides a list of assets to which Green Bonds' proceeds have been allocated.</p>	<p>✓</p>
<p>Describe the approach to impact reporting</p>	<p>The Issuer reports at asset level and clearly defines for the Green Assets the asset name, area in square meter (sqm), the energy use, the unit, and the certificates.</p>	<p>✓</p>
<p>Report the estimated lifetime results and/or project economic life (in years)</p>	<p>The Issuer does not report on the average portfolio lifetime results or economic life (in years) for eligible assets.</p>	<p>-</p>
<p>Ex-post verification of specific projects</p>	<p>An ex-post verification will be conducted for Energy Performance by a third party.</p> <p>For Green Buildings, the certifications are received after external verification.</p> <p>These ex-post verification are not compared to ex-ante assumptions.</p>	<p>-</p>

<p>Report on at least a limited number of sector specific core indicators</p>	<p>SBB Norden reports on certification standards for Green Buildings and Energy Use which are core indicators for the sector.</p> <ul style="list-style-type: none"> ▪ Energy Use (kWh/m²); ▪ Estimated annual GHG emissions reduced or avoided for buildings (tCO₂e); ▪ Green buildings certification and degree of certification (Miljöbyggnad, Miljöbyggnad iDrift, Breeam In-Use and Energy Class A). 	<p>✓</p>
<p>If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies</p>	<p>Green Buildings Certifications: N/A</p> <p>Energy Consumption: The energy use is tracked automatically with SBB's digital system for automated monitoring of energy use in buildings. The energy follow-up system is the main source of data for SBB Norden since it tracks both the actual energy use as well as energy use adjusted for temperatures that deviate from an average year. Complementary data from energy performance certificates are used since the energy follow-up system does not track energy use that is not controlled by SBB, for instance in triple-net properties.</p>	<p>✓</p>
<p>Disclosure on the conversion approach (if applicable)</p>	<p>Not applicable because none of the reported units need to be converted.</p>	<p>-</p>
<p>Projects with partial eligibility</p>	<p>Not applicable because there are no projects with partial eligibility.</p>	<p>-</p>
<p>When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach</p>	<p>Not applicable because the Issuer has reported the impact separately for the assets.</p>	<p>-</p>

OPINION

SBB Norden follows HFIR's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best practices.

FOR SOCIAL BONDS

Reporting is a core component of the SBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond Issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates SBB Norden Sustainable Bond Impact Report against ICMA HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	SUSTAINABLE BOND DEVELOPMENTS	ASSESSMENT
Reporting on an annual basis	SBB Norden has reported within one year from issuance since 2021. SBB Norden has not issued any Social Bonds in 2023 but has reported the total amount of outstanding Social Bonds which amount to EUR 1,791,586,000 and SEK 405,000,000 as of December 31, 2023, originating from bonds issued in 2020, 2021, and 2022. Besides these, there is a hybrid bond with total outstanding amount of EUR 439,306,000. All the proceeds have been fully allocated. The report will be available on SBB Norden's website. ⁸	✓
Formal internal process to track proceeds	SBB Norden confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework, in compliance with the Social Bond Principles issued by the ICMA, SBB Norden has allocated the net proceeds of the Bonds issued under this Framework to new and/or existing eligible assets within the following categories: <ul style="list-style-type: none"> ▪ Access to Essential Services ▪ Affordable Housing 	✓

⁸ SBB Norden Sustainable Bond Impact Report: <https://corporate.sbbnorden.se/en/sustainable-bonds/>

<p>Target Population(s) identified</p>	<p>The Issuer defined targeted populations for the respective assets: healthcare properties, elderly care homes, preschools, primary and secondary schools, higher education and university buildings, rent-regulated apartments. The target population for these categories is the general population, people with disabilities, and dependent elderly people.</p>	<p>✓</p>
<p>Output, outcome and/or impact of projects at project or portfolio level</p>	<p>The Issuer referred to existing indicator lists and catalogs from the Annex III of the HFIRSB: (i.e Number of benefiting people, number of facilities). A detailed analysis of impact indicators is available in Part III of this report.</p>	<p>✓</p>
<p>Illustrating of the social impacts</p>	<p>The assessment and measurement of the impacts generated by SBB Norden Social Bonds covered the following areas:</p> <ul style="list-style-type: none"> ▪ Number of patients accessed healthcare service through financed facilities; ▪ Number of apartments open to access for elderly; ▪ Number of students benefitted from Preschools, Primary and Secondary schools; ▪ Number of students benefitted from Higher education and universities buildings; ▪ Number of families housed in rent-regulated apartments. 	<p>✓</p>
<p>Pro-rated share of the overall impact results of the projects or portfolio of projects</p>	<p>The Issuer uses all proceeds to refinance assets in full. The pro-rated share of the impact is 100% of the reported impact.</p>	<p>✓</p>

RECOMMENDATIONS

ICMA HFIRSB	SUSTAINABLE BOND DEVELOPMENTS	ASSESSMENT
<p>Disclose the methodology and the assumptions used for the calculation of impact indicators</p>	<p>The Issuer reports on actual absolute output indicators and quantitative impact indicators.</p>	<p>✓</p>

	<p>The property management organization discloses the social impact on an asset level.</p> <p>The majority of assets (both as share of total market value and share of total area) have been inventoried and confirmed by the regional managers of the property management organization. Based on the reported impact, KPIs (social impact per square meters) has been calculated for each type of property. The indicators don't represent an incremental change between a baseline and a target.</p>	
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The reporting covered the project categories Access to Essential Services and Affordable Housing. Impacts are reported separately per asset.	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	<p>The Issuer identifies the impact of each invested eligible asset but provides allocated proceeds at a portfolio level only.</p> <p>All proceeds are used to refinance assets described in the Framework. The value of these assets are determined by third party experts.</p>	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	The Issuer does not report on the average portfolio lifetime results or economic life (in years) for eligible assets.	-
Assumptions and ex-post verification	There is no ex-post verification planned for social assets.	-
Report Period	The entirety of proceeds has been allocated to refinance social assets. The Issuer has not added nor removed any projects. In the future, assets can be removed from, or added to, the eligible asset portfolio when needed (i.e. sale of an asset allocated to sustainable bonds). However, these would	✓

	be replaced by a new asset according to the eligibility criteria set forth in the Framework.	
Disbursement reporting	Disbursement of proceeds happened immediately. All proceeds have been allocated.	✓
Projects with partial eligibility	Not applicable because there are no projects with partial eligibility.	-

OPINION

SBB Norden follows the HFIRSB's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best market practices. Explain how the core principles are taken into account.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

This is the fifth year of allocation reporting. In 2024, all proceeds of the Social and Green Bonds have been fully allocated. The Use of Proceeds allocation reporting occurred within the regular annual cycle from the issuance.

The total eligible Green Project Portfolio was SEK 1,108.75 million (m), the total eligible Social Project Portfolio was EUR 2,463m and SEK 145m, and the total eligible Hybrid Project Portfolio was EUR 439m. 100% of the proceeds were allocated to eligible Green, Social, and Hybrid expenditures in 2023.

Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at the portfolio level. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Sustainable Bond Impact Report of SBB Norden aligns with best-market practices by providing information on:

- The number of assets (re)financed.
- The name of assets (re)financed.
- The total amount of proceeds in EUR and SEK (divided per environmental and social assets).
- Information about the issuance of the past year.
- A breakdown of the allocated proceeds per assets and social impact mapping per asset.

Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the Issuer for the Bonds are the following:</p> <p>Green Buildings:</p> <ul style="list-style-type: none"> ▪ Energy Use (kWh/m²); ▪ Estimated annual GHG emissions reduced or avoided for buildings (tCO₂e); ▪ Green buildings certification and degree of certification (Miljöbyggnad, Miljöbyggnad iDrift, Breeam In-Use and Energy Class A). <p>Affordable Housing and Access to Essential Services:</p> <ul style="list-style-type: none"> ▪ Number of patients accessed healthcare services through financed facilities; ▪ Number of apartments open to access for elderly; ▪ Number of students benefitted from Preschools, Primary and Secondary schools; ▪ Number of students benefitted from Higher education and universities buildings; ▪ Number of families housed in rent regulated apartments. <p>These indicators are qualitative, quantitative, and material to the Use of Proceeds categories financed through these bonds and in line with the Suggested Impact Reporting metrics for Green Building Projects by the ICMA Harmonized Framework for Impact Reporting and for Affordable Housing and Access to Essential Services Projects by the ICMA Harmonized Framework for Impact Reporting for Social Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For its impact indicators the methodologies used by the Issuer are as follows:</p> <p>Green Assets:</p> <p>Under the Green Buildings category, SBB uses the Green Buildings Certificates Miljöbyggnad, Miljöbyggnad iDrift, Breeam In-Use and Energy Class A to calculate the energy use (kWh/m²). The data are external and come from the Sweden Green Building Council which is a national organization responsible for most environmental certifications of buildings in Sweden. They verify the certification</p>

criteria and issue the certificates. Moreover, third-party consultants are responsible for issuing Energy Performance Certificates (EPCs).

The energy use is tracked automatically in SBB's energy follow-up system. The energy follow-up system is the main source of data for SBB since it tracks both the actual energy use as well as energy use adjusted for temperatures that deviates from an average year. Complementary data from energy performance certificates or third-party energy-modelling are used in cases where the energy follow-up system does not have sufficient data. The Issuer selects some thresholds for the certificates such as EPC A and Miljöbyggnad Silver or better (i.e., Silver or Gold). Once the third party has provided the certificate, this is considered sufficient data.

The Estimated annual GHG emissions reduced or avoided for buildings (tCO₂e) indicator is used in the case where a green building category II had to undergo energy renovations to become classified as green. In this case, the Issuer would use the energy savings/increases (it may be the case that electricity use increases while the district heating decreases and this is taken into account) obtained in combination with the emission factors of each corresponding energy source to calculate the net changes in greenhouse gas emissions. In the case of electricity, SBB Norden uses the market based emission factor based on the energy sources in its electricity agreement sourced from EDPs⁹ as well as the location based emission factors sourced from country specific data.¹⁰ In the case of district heating, the Issuer uses the specific emission factor of the district heating plant that is serving the assets,¹¹ in this case there is no difference between market based and location based since the district heating plans rarely have market based agreements in place. At early stages the calculations may be based on estimates on energy savings, but once the project has been in use for a while, the estimates would be replaced by actual energy savings that can be measured.

Social Assets:

For all social indicators (number of patients accessed healthcare service through financed facilities; number of apartments open to access for elderly; number of students benefitted from preschools,

⁹ EDPs: <https://www.environdec.com/library/epd88>

¹⁰ Country specific data: country specific, data sourced from <https://www.sciencedirect.com/science/article/pii/S1361920916307933>






¹¹ Data source for specific emission factor of the district heating plant: <https://www.energiforetagen.se/statistik/fjarrvarmestatik/miljovardering-av-fjarrvarme/>

	<p>primary and secondary schools; number of students benefitted from higher education and universities buildings; number of families housed in rent regulated apartments), most of the volume is reported by the property managers. The Issuer starts by sending them a list of assets and they report the actual social impact per asset. The property management organization has been asked to disclose the social impact on an asset level. Most assets (both as share of total market value and share of total area) has been inventoried and confirmed by the regional managers of the property management organization. Based on the reported impact, KPIs (social impact per square meters) has been calculated for each type of property. The social impact of the remaining assets has been calculated using these KPIs. For assets where SBB is not able to receive that information in time the impact is estimated based on the average impact per square meter of similar assets.</p> <p>For both Green and Social Assets, all data is compiled, stored and processed following IT-based business intelligence processes.</p>
<p>Baseline selection</p>	<p>The Issuer selects the following baselines:</p> <ul style="list-style-type: none"> ▪ Certification standards for Green Buildings such as Miljöbyggnad Silver, Breeam In-Use Outstanding, Energy Class A + Miljöbyggnad iDrift Silver and Energy Class A provide important baselines against which the green building projects can be benchmarked. ▪ Energy consumption is calculated according to EU Energy Performance Certificate (EPC) standards, with a base year of 2020.
<p>Scale and granularity</p>	<p>The impact data is presented at the asset level for the indicator(s).</p>

High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Sustainable Bond Impact Report, the impact indicator(s) adopted by SBB for its Sustainable Bond can be mapped to the following SDGs, according to ISS ESG SDG Solutions

(SDGA), a proprietary methodology designed to assess the impact of an Issuer’s product or services on the UN SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <ul style="list-style-type: none"> Energy Use (kWh/m²); Estimated annual GHG emissions reduced or avoided for buildings (tCO₂e). 	
<p>Green Buildings Certifications</p> <ul style="list-style-type: none"> Miljöbyggnad; Miljöbyggnad iDrift; Bream In-Use. 	
<p>Green Buildings Certifications</p> <ul style="list-style-type: none"> Energy Class A. 	
<p>Access to Healthcare</p> <ul style="list-style-type: none"> Number of patients accessed healthcare service through financed facilities; Number of apartments open to access for elderly. 	
<p>Access to Education</p> <ul style="list-style-type: none"> Number of students benefitted from Preschools, Primary and Secondary schools; Number of students benefitted from Higher education and universities buildings. 	
<p>Affordable Housing</p> <ul style="list-style-type: none"> Number of families housed in rent regulated apartments. 	

OPINION

The allocation of the Bonds' proceeds has been disclosed, with a detailed breakdown across different eligible assets as proposed in the Framework and the Sustainable Bond Impact Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA's HFIR and HFIRSB recommended metrics.

DISCLAIMER

1. Validity of the External Review ("External Review"): Valid as long as the cited Report remains unchanged.
2. ISS Corporate ("ISS-Corporate"), a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. External Reviews are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this External Review is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these External Reviews, or any information provided therein. If the External review is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the External Review is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This External Review, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the External Review wholly or in part, the distribution of the External Review, either free of charge or against payment, or the exploitation of this External Review in any other conceivable manner.

© 2024 | ISS Corporate Solutions, Inc.

ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labelled transactions reporting against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.issgovernance.com/file/publications/SPO-Report-Reviews.pdf>

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which the Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Sustainable Bond Impact Report
- Sustainable Financing Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Issuer Name took place in March and April 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess the alignment of the Issuer's report with external principles (e.g., ICMA Green / Social Bond Principles, ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the alignment of the Issuer's Report against the commitments in the respective Framework, and analyze the disclosure of proceeds allocation, the data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well as informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: SPOsales@isscorporatesolutions.com

Project team

Project lead

Vittoria Favalaro
Analyst
Sustainable Finance Research

Project supervision

Marie-Bénédicte Beaudoin
Associate Director
Head of Sustainable Finance Research